

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2017/2018

**BSB 3314 – SEMINAR IN BANKING**  
(All Sections / Groups)

30 May 2018  
2.30 p.m. – 4.30 p.m.  
(2 Hours)

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### INSTRUCTION TO STUDENT

1. This Question paper consists of 3 pages (including front page) with **FOUR (4)** Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

**Question 1**

According to Bloomberg.com dated 11 April 2018 - Ant Small & Micro Financial Services Group Holding Limited (the parent company of Alipay) is said to be valued at about \$150 billion which is 50 percent more than Goldman Sachs Group Inc.'s market capitalization. That would not only make Ant Small & Micro Financial Services Group Holding Limited world's most-valuable startup Fintech company also, it would make this Fintech company which founded by Alibaba Group Holding Ltd. Chairman Jack Ma into the top 15 among banks, insurers and credit providers by market value.

- a) Define Fintech and describe its evolution. (9 marks)
- b) Discuss the financial services provided and threats posed by Fintech companies. (11 marks)
- c) Analyze how financial institutes especially banks manage the threats posed by Fintech companies. (5 marks)

**(Total: 25 marks)**

**Question 2**

Public Bank Berhad has just submitted its financial statements to Bursa Malaysia (Malaysian Stock Exchange) and Bank Negara Malaysia (Malaysian Central Bank). The bank reported net income before taxes and securities transactions of RM290 million and taxes RM90 million. Given the bank's total operating revenues were RM8.5 billion, total assets were RM17.5 billion, and equity capital of RM1.7 billion, compute the following for Public Bank Berhad:

- a) Expense control efficiency ratio. (3 marks)
- b) Tax management efficiency ratio. (3 marks)
- c) Asset management efficiency ratio. (3 marks)
- d) Funds management efficiency ratio. (3 marks)
- e) Return on Equity (ROE). (3 marks)
- f) Assuming Public Bank Berhad recording a 30% rise in net before-tax income, with its tax obligation, operating revenues, assets, and equity unchanged. What would happen to ROE and its components? (10 marks)

**(Total: 25 marks)**

**Continued...**

**Question 3**

- a) RHB Bank Berhad struck a massive lending deal with its major customer – it was an RM150 million loan to its major customer. In order to fund the loan, RHB Bank Berhad sold negotiable Certificate of Deposits (CDs) to its investors in the amount of RM60 million at a promised annual yield of 2.50 percent and borrowed RM90 million in the Federal Funds market from other banks at today's prevailing interest rate of 2.25 percent. An estimated of RM3,000,000 occurred due to the credit investigation and recordkeeping costs in order to process this loan application. In addition, the credit analysis division recommended a minimal 1.5% risk premium on this loan and a minimal profit margin of one-fifth of a percentage point. The bank prefers using cost-plus loan pricing in this case. What loan rate would it charge? Besides, what is break-even point and interest cost? (15 marks)
- b) Distinguish between the central bank and commercial bank with examples. (10 marks)

**(Total: 25 marks)**

**Question 4**

- a) According to Reuters dated 21 March - Facebook Incorporation Chief Executive Mark Zuckerberg apologized on Wednesday for mistakes his company made in how it handled data belonging to 50 million of its users and promised tougher steps to restrict developers' access to such information.  
Locally, Malaysia, the Personal Data Protection Act 2010 ("PDPA") has finally come into force on 15 November 2013 with the objective to protect the personal data of individuals with respect to commercial transactions.
- i) Discuss the seven (7) core principles of the Personal Data Protection Act 2010 that related to financial institution. (10.5 marks)
- ii) Discuss the drawback posed by the Personal Data Protection Act 2010. (6.5 marks)
- b) You are working with the credit department of CIMB Bank and evaluating some of the commercial loan application. Discuss how the following situations define the character of the borrower with the quality of information provided.
- i) Growing number of customer complaints to the business bureau of complaints. (4 marks)
- ii) A large number of family members work for the company. (4 marks)

**(Total: 25 marks)**

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